BEHAVIOR OF MARKETING PROFESSIONALS IN PROMOTING CUSTOMERS IN LEVERAGE MANAGEMENT

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Abstract

Companies often face the challenges of increasingly discerning customers and extremely high competition in the market. Each brand's survival over its surrounding competitors depends on its ability to increase customer equity.In today's market, customer equity is essential because it helps you estimate the financial profit you can obtain from all your customers during your relationship. This allows companies to estimate their customer asset value and make sound financial decisions regarding add-on selling, retention, and acquisition.It focuses on every customer and uses interactions with consumers that aim at strengthening communication. Nowadays, a company's success depends on its ability to generate as many loyal customers as possible.To understand what customer equity is, it's useful to explore the difference between customer and brand equity which are often confused although each has distinctive features.

Keywords: Buyer-centric relationship, Social media marketing, CLV, Customer equity

Introduction

Marketing leverage is the ability to use marketing to improve the sustainable growth of an organization. Effective marketing allows businesses to generate profit and provide a return on investment. The main goal of marketing is to convert potential customers into loyal customers.

Marketing is deciding how to offer something specific customers crave and then engaging customers and other stakeholders to create preference. Marketing today is finally customer-focused. Social media made that happen. Markets are once again conversations. Marketing about knows the market, creating the right product, creating desire for that product and letting the right people know you have it. The old adage that says, ―If you build a better mousetrap people will beat a path to your door‖ doesn't hold true without marketing. You might indeed have a better mousetrap, but if people don't know you have it, and they don't know where your door is, there will be no path beating and no conversation going on.

Marketing is how you tell your story to attract customers, partners, investors, employees and anyone else your company interacts with. It's the script that helps users decide if they'll welcome you into their lives as a staple, nice-to-have or necessary annoyance. It's the way that everyone interacts with your brand. It's impression, first, last and everything in between. Jeff Cutler – Executive Vice President and General Manager, Vitals.com Marketing is the art and science of creating, delighting and keeping customers, while making a profit and building enterprise value. Marketing integrates, formally or informally, many disciplines and every organizational function. Marketing should embrace the highest ethical standards, respect the environment, and strive to make the world a better place.

Marketing is meeting the needs and wants of a consumer. A Team Marketing is identifying the pain points of your customers, developing content and processes to best solve those pain points – which ultimately makes it easier for your customers to buy or stay customers. Founder Marketing creates integrated campaigns to generate leads that positively influence sales, brand, value and vision. Marketing is influencing behavior to get more people to buy more stuff, more often, for more money.

While Marketing has evolved ever since it began, the digitalized world is seeing some phenomenal changes. While changes have taken place in the formats, customer has been centric to all developments. We see that the latest formats have been evolved with a customer centric focus, the only change being the digital proliferation of media and the corresponding fine tuning of the methods to align with such changes in consumer perception and choice. Direct Marketing techniques originated and developed as a necessity to reduce marketing costs and improve customer contacts at the same time.

While word of mouth publicity forms the basis for customer acceptance of a product, Direct Marketing techniques developed and constantly evolved as seen from the World Water Day direct mailer while punch card data of customers were originally stored, the development of computing techniques and enhancement of computer ario. Present technological capabilities and the digital revolution have changed the scenes enable companies to have access to customer data instantly and sharpen their campaign focus. Digital Technologies have enabled Companies to access customer profiles and preferences quickly and sharpen their marketing strategies and product offerings.

Market expertise in the form of sales agents 'thorough understanding of customer needs and purchasing behavior sales people must be engaged through the prospect's organizational strategy to achieve results salesperson's integrity, patience, and problem-solving abilities can earn the trust required to carry the day. Traditional consultative selling approach can fall short in a complex account.

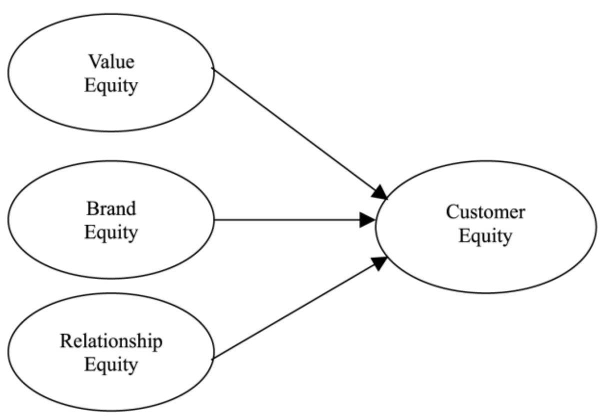
Selling requires a business-focused, buyer-centric relationship, one in which the salesperson provides value-added perspective. Buyers will be receptive to listen to your point of view when you proceed from a fact-based standpoint. When you provide prospects with data about their situation, it not only proves the case you are proposing but allows the prospect to predict his results going forward.

Customer equity management

Customer equity is the total combined Customer Lifetime Value (CLV) of all of a company's customers. When evaluating the total value or assets of a company, understanding the value of your customers in terms of future revenues is called customer equity (CE). The more the CE, the greater future revenue. A company with a higher customer equity gets more money on average from its customers than another company that is identical in all other characteristics. The total of discounted lifetime values of all of the firms customers. In layman terms, the more loyal a customer, the more is the customer equity. Firms like McDonalds, Apple and Facebook have very high customer equity and that is why they have an amazing an sustainable competitive advantage.

The theory of Customer Equity can be defined as the value of the potential future revenue generated by a company‘s customers in the entire lifetime of the firm. The company with high levels of Customer Equity will be valued at a higher price as compared to a company with low customer equity at the marketplace. Customer Equity represents the value that current and future potential customers will provide to a company during the entire lifespan of their relationship. This equity measure is usually referred to as the customer lifetime value which is equal to the net present value of the estimated relationship lifespan cash flow generated from the customer. To obtain the effective CLV, businesses need to take into account the details such as amount spent to acquire one customer, amount required to retain the customer, and profit and cash flows generated by a customer overestimated retention and specific time frame. Customer Equity is a measure that is quite important to companies since it is an indicator of how valuable business is in the market and in the minds of the customers.

Figure:1 Characteristics of Customer Equity.



Source: Rust et al 2002

It is also a vital and imperative data metric to know in order for a business to develop the right and effective marketing strategies to promote its products and attract customers to generate more profits and revenues. By knowing the value that segments of its customers will bring, the company can know where to concentrate its marketing efforts and budget on initiatives that are meant to bring in or retain customers for a longer period of time.

Customer Equity becomes more interesting when You begin to benchmark Customer Equity within similar companies in the same industry domain, thereby identifying which companies are more valuable in the market and to the customer‘s specifications.

With the realization that the proper calculation of Customer Equity includes the proper assessment of the goodwill towards the brand because it depends on an insight with respect to the future brand equity of the firm to help assess the nature of future purchases by the customers. Realizing that the proper calculation of Customer Equity requires insight with respect to the customer‘s assessment of your firm‘s customer value proposition, which in turn is impacted by the various operations drivers such as customer service and more.

In order to implement any strategy for increasing customer value, a firm needs investments. Though customer value improvement may be the main focus, increasing the return on investments or decreasing the investments becomes a key aspect for a firm‘s profitability. Along with various other investments, firms need to invest in making salespeople more customer-centric and relationship oriented. Research in personal selling and sales management has attributed the salesperson‘s role to various organizational outcomes, such as increased dollar revenue in terms of sales and most importantly long term buyer-seller relationships.

The primary salesperson‘s role involves facilitating the relationship between the buyer and the selling firm. The salesperson‘s role has evolved over different eras of marketing and reflects various developments in marketing and organizations (Weitz and Bradford 1999). In the same evolutionary perspective, a salesperson‘s role is very dynamic and important when investigating buyer-seller relationships. Salespeople act as ‗boundary spanners‘ and the selling firm‘s most immediate interface with customers. They are both gatekeepers and image makers within a buyer-seller relationship (Schneider and Bowen, 1985). Further, in a services context salespeople are often perceived by the customer as part of the service (Tansik, 1990); Daniel and Darby (1997).

Review of Literature

Harris, Mowen and Brown (2018) have emphasized that Personal selling and sales management research over the years indicate that different selling antecedents directly affect salesperson behaviors and that salesperson behaviors in turn impact different sales outcomes like performance and customer satisfaction. The interpersonal nature of the customer-salesperson interaction is strongly embedded in personal selling and sales management research.

Weitz, Sujan and Sujan (2017) describes that the practice of adaptive selling is defined as the altering of sales behaviors during a customer interaction or across customer interactions based on perceived information about the nature of the selling situation‖ in their seminal article on the conceptualization and measurement of adaptive selling have suggested that adaptive selling behavior consists of six different facets: a recognition that different selling approaches are needed in different situations.

Spiro and Weitz (2016) specified that the concept of adaptive selling behavior has been tested and developed over three decades of research. Although researchers have investigated adaptive selling in different contexts and found some conflicting results, the basic understanding of the adaptive selling construct is consistent.

Park and Holloway (2015) noticed that the extant research in adaptive selling can be categorized into two streams: (1) Examining different antecedents and outcomes of adaptive selling (discussed in the following paragraphs), and (2) Measurement of adaptive selling.

Saxe and Weitz (2011) considers that the seminal work presented the SOCO scale as a measure of salesperson‛s sales orientation or customer orientation. Sales orientation refers to when a salesperson focuses mainly on immediate sales buyer satisfaction. In contrast, customer orientation refers to behaviors that enhance long term customer satisfaction, possibly at the expense of immediate sales.

Herche, J., Swenson, M.J. and Verbeke, W. (2010) emphasized that Customer oriented behavior is defined as the implementation of the marketing concept in interactions between individual salespeople and their customers. The marketing concept asserts that sales can be achieved by determining customer needs and wants, and then delivering desired satisfaction better than competitors.

Plank, R.E., Reid, D.A. and Pullins, E.B. (2009) suggest that a firm‛s market orientation has a significant positive relationship with a salesperson‛s customer orientation. However, evidence from research suggests that rolevariables, role conflict and role ambiguity do not have any effect on customer orientation.

Humphreys (2008) indicated that a salesperson‛s learning and performance orientations are positively associated with customer orientated behavior and negatively associated with selling oriented behavior of the salesperson.

OBJECTIVES OF THE STUDY:

1. To determine and identify customer equity determinants from customer perspective

2. To analyze the customer attitudes and perceptions towards customer equity and trust.

3. To understand the specific behavioral and trust issues in the target group that optimizes t levels of customer

Suggestions

Customer is the primary source to develop any organization. Sales persons are the representatives of the company, customer trust depends on the value equity and relationship equity and sales person behavioral attitudes which promotes in harmonial customer equity drivers.

The most important aspect is the customer is dynamic in nature which varies from place to place , time to time ,customer to customer , product to product extra in order to retain the customer trust .The sales person should adopt favorable selling behavior and selling personality which results towards promoting the customer trust and equity.

Results suggest that salespeople have a role in building customer equity through customer trust and customer value, both product based and relationship based. Selling firms must concentrate their efforts on training salespeople with relationship building and maintaining skills. When salespeople exhibit relational behaviors, customers trust them more and hence want to be involved in stronger buyer-seller relationships. This is especially true in the business – customer sector and when the customer is the sole contact between the customer and the selling firm. Also in business-business segments, evidence suggests that these findings are true.

Results from the original proposed model suggest that except for the selling orientation of the salesperson, other behaviors are not significant in affecting customer trust. This is contrary to the present knowledge of selling behaviors‘ role in customer trust. There are a couple of reasons for these anti findings. One might be the presence of social desirability bias, because salespeople are responding about their own behavior; another reason is that the behaviors are not completely independent of each other. This is a limitation for this study and can be addressed by using multi-respondent measures for measuring selling behaviors. The multi-respondent measures can be obtained by combining customer and self evaluations of selling behaviors.

Results from the second order factor model suggest otherwise. Relational selling behavior is considered as a second order factor for adaptive selling, customer orientation, selling orientation and unethical behavior of salespeople. The effect of relational selling behavior on customer trust is found to be positive and significant. This finding is consistent with past findings and suggest that the selling behaviors are rather not be hypothesized separately. Relational selling behaviors are not obvious behaviors for individuals. On the contrary, salespeople must be trained to be equipped with relational skills. These behaviors would result in relational outcomes from customers, such as trust, satisfaction and future intentions.

Conclusion

The study provides evidence that salespeople have a significant role in building and maintaining customer equity of an organization. salesperson behavior is a key driver influencing customers' behaviors, They can achieve this by increasing the value a customer gets from the product or service, or relationship with the firm. Salespeople should direct their resources in practicing behaviors that exhibit relationship building with the customer rather than just transactional, making money the first time and the only time. In a buyer-seller interaction, where a salesperson is the only contact with the customer, the salesperson becomes a proxy for the selling firm. Customers experience salesperson behaviors and these experiences would then transpire into future attitudes and behaviors.

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